



C O N S U L T I N G

GVNW CONSULTING, INC.  
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Colorado Springs, CO 80918  
(719) 594-5800 (Tel.)  
(719) 594-5803 (Fax)  
[www.gvnw.com](http://www.gvnw.com)

Via ECFS

June 30, 2015

Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 Twelfth Street S.W.  
Washington, D.C. 20554

RE: Hardy Telecommunications, Inc. (ILEC) FCC Form 481 submittal – Program Year 2016

Dear Ms. Dortch,

Hardy Telecommunications Inc. (SAC 200259) hereby submits the attached “FCC Form 481 – Carrier Annual Reporting Data Collection” pursuant to sections §54.313 and §54.422 of the Commission’s rules, as filed with the Universal Service Administrative Company.

Please contact me with any questions you have on this filing.

Sincerely,

Andy Schein  
Sr. Consultant  
GVNW Consulting, Inc.  
(719) 594-5820  
[aschein@gvnw.com](mailto:aschein@gvnw.com)

Enclosures

**FCC Form 481 - Carrier Annual Reporting**  
**Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010> Study Area Code	200259
<015> Study Area Name	HARDY TELECOM
<020> Program Year	2016
<030> Contact Name: Person USAC should contact with questions about this data	Jennifer Frye
<035> Contact Telephone Number: Number of the person identified in data line <030>	3048979911 ext.
<039> Contact Email Address: Email of the person identified in data line <030>	jfrye@hardynet.com

ANNUAL REPORTING FOR ALL CARRIERS		54.313 Completion Required	54.422 Completion Required
<100> Service Quality Improvement Reporting	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<200> Outage Reporting (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<300> Unfulfilled Service Requests (voice)	0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<310> Detail on Attempts (voice)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<320> Unfulfilled Service Requests (broadband)	0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<330> Detail on Attempts (broadband)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<410> Fixed	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<420> Mobile	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<430> Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<440> Fixed	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<450> Mobile	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510> <div style="border: 1px solid black; padding: 2px;">200259WV510.pdf</div>	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610> <div style="border: 1px solid black; padding: 2px;">200259WV610.pdf</div>	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700> Company Price Offerings (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<710> Company Price Offerings (broadband)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<800> Operating Companies and Affiliates	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)? <input type="radio"/> <input checked="" type="radio"/>	(if yes, complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1000> Voice Services Rate Comparability Certification	Yes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1010> <div style="border: 1px solid black; padding: 2px;">200259WV1010.pdf</div>	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1100> Certify whether terrestrial backhaul options exist (Yes or No) <input checked="" type="radio"/> <input type="radio"/>	(if not, check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1110>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet**

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<2005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet</b>			
<3000>	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**(100) Service Quality Improvement Reporting  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	200259
<015>	Study Area Name	HARDY TELECOM
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Jennifer Frye
<035>	Contact Telephone Number - Number of person identified in data line <030>	3048979911 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jfraye@hardynet.com

<110>	Has your company received its ETC certification from the FCC?	(yes / no)	<input type="radio"/> <input checked="" type="radio"/>
<111>	If your answer to Line <110> is yes, do you have an existing §54.202(a) "5 year plan" filed with the FCC?	(yes / no)	<input type="radio"/> <input type="radio"/>

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

200259WV112.pdf

Name of Attached Document

Please select the appropriate responses below (Yes, No, Not Applicable) to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to §54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113>	Maps detailing progress towards meeting plan targets	Yes
<114>	Report how much universal service (USF) support was received	Yes
<115>	How much (USF) was used to improve service quality and how support was used to improve service quality	Yes
<116>	How much (USF) was used to improve service coverage and how support was used to improve service coverage	Yes
<117>	How much (USF) was used to improve service capacity and how support was used to improve service capacity	Yes
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.	Not Applicable

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[illegible]



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<039>	Contact Email Address - Email Address of person identified in data line <030>	jfrye@hardynet.com

<701> Residential Local Service Charge Effective Date  
<702> Single State-wide Residential Local Service Charge

1/1/2015

<703>

[illegible]

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OMB Control No. 3060-0986/OMB Control No. 3060-0819  
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[illegible]

(800) Operating Companies Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<039>	Contact Email Address - Email Address of person identified in data line <030>	jfrye@hardynet.com
<810>	Reporting Carrier	Hardy Telecommunications
<811>	Holding Company	Hardy Telecommunications, Inc.
<812>	Operating Company	Hardy Telecommunications

[illegible]

**(900) Tribal Lands Reporting  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	jfrye@hardynet.com

&lt;910&gt; Tribal Land(s) on which ETC Serves

&lt;920&gt; Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

<921>	Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
<922>	Feasibility and sustainability planning;
<923>	Marketing services in a culturally sensitive manner;
<924>	Compliance with Rights of way processes
<925>	Compliance with Land Use permitting requirements
<926>	Compliance with Facilities Siting rules
<927>	Compliance with Environmental Review processes
<928>	Compliance with Cultural Preservation review processes
<929>	Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable



**(1100) No Terrestrial Backhaul Reporting  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	jfrye@hardynet.com

<1120> Please confirm whether terrestrial backhaul options exist within the supported area pursuant to § 54.313(g) (Yes, No).

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

**(1200) Terms and Condition for Lifeline Customers**  
**Lifeline**  
**Data Collection Form**

FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	jfrye@hardynet.com

200259WV1210.pdf

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220> Link to Public Website

HTTP <http://www.hardynet.net/telephone-service/residential-telephone/lifeline-linkup>

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- <1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☒
- <1222> Details on the number of minutes provided as part of the plan, ☒
- <1223> Additional charges for toll calls, and rates for each such plan. ☒

**(2000) Price Cap Carrier Additional Documentation****Data Collection Form***Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	j.frye@hardynet.com

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

**Incremental Connect America Phase I reporting**

- <2010> 2nd Year Certification {47 CFR § 54.313(b)(1)i}  
 <2011a> 3rd Year Certification {47 CFR § 54.313(b)(1)ii}  
 <2011b> Attachment {47 CFR § 54.313(b)(1)ii}


Name of Attached Document(s) Listing Required Information

**Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}**

- <2012> 2013 Frozen Support Calculation {47 CFR § 54.313(c)(1)}  
 <2013> 2014 Frozen Support Calculation {47 CFR § 54.313(c)(2)}  
 <2014> 2015 Frozen Support Calculation {47 CFR § 54.313(c)(3)}  
 <2015> 2016 and future Frozen Support Calculation {47 CFR § 54.313(c)(4)}


**Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}**

- <2016> Certification Support Used to Build Broadband

--

**Connect America Phase II Reporting {47 CFR § 54.313(e)}**

- <2017> 3rd year Broadband Service Certification  
 <2018> 5th year Broadband Service Certification  
 <2019> Interim Progress Certification  
 <2020> Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.


- <2021> Interim Progress Community Anchor Institutions


Name of Attached Document(s) Listing Required Information

**(3000) Rate Of Return Carrier Additional Documentation**  
**Data Collection Form**

FCC Form 481

OMB Control No. 3060-0936/DMB Control No. 3060-0819

July 2013

<010> Study Area Code	200259
<015> Study Area Name	HARDY TELECOM
<020> Program Year	2016
<030> Contact Name - Person USAC should contact regarding this data	Jennifer Frye
<035> Contact Telephone Number - Number of person identified in data line <030>	3048979911 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	jfrye@hardynet.com

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

- (3010) Progress Report on 5 Year Plan  
 Milestone Certification (47 CFR § 54.313(f)(1)(i))

200259WV3010.pdf

Name of Attached Document Listing Required Information

- (3011) Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313(f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year. ☒

200259WV3012.pdf

- (3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(iii))

Name of Attached Document Listing Required Information

- (3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))  
 (3014) If yes, does your company file the RUS annual report

(Yes/No)

(Yes/No)



Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

- (3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers) ☒

- (3016) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☒

- (3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

200259WV3017.pdf

Name of Attached Document Listing Required Information

- (3018) If the response is no on line 3014, Is your company audited?

(Yes/No)



If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

- (3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications ☐

- (3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☐

- (3021) Management letter and audit opinion issued by the independent certified public accountant that performed the company's financial audit ☐

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

- (3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers. ☐

- (3023) Underlying information subjected to a review by an independent certified public accountant ☐

- (3024) Underlying information subjected to an officer certification. ☐

- (3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☐

- (3026) Attach the worksheet listing required information

Name of Attached Document Listing Required Information



## (3000) Rate Of Return Carrier Additional Documentation (Continued)

FCC Form 481

## Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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## Financial Data Summary

(3027) Revenue

6312206

(3028) Operating Expenses

6388529

(3029) Net Income

295213

(3030) Telephone Plant In Service(TPIS)

38223091

(3031) Total Assets

27575731

(3032) Total Debt

12299789

(3033) Total Equity

8065415

(3034) Dividends

0

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: HARDY TELECOM	
Signature of Authorized Officer: CERTIFIED ONLINE	Date 06/30/2015
Printed name of Authorized Officer: David Sherman	
Title or position of Authorized Officer: GM & CEO	
Telephone number of Authorized Officer: 3048979911 ext.	
Study Area Code of Reporting Carrier: 200259	Filing Due Date for this form: 07/01/2015
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent or Employee of Agent: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Printed name of Authorized Agent or Employee of Agent: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	



[USAC Home](#) | [High Cost Program](#) | [Search Tools](#) | [Form 481](#)

## CONFIRMATION

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**Congratulations. Your filing has been successfully certified.**

Filing 1 was successfully certified on Tue 30 Jun 15 11:11:15 AM EDT by jfrye@hardynet.com .

SAC : 200259

SPIN : 143001425

Carrier Name : HARDY TELECOM

Program Year : 2016

A confirmation email will be sent to the email address on record for your user ID. Please email USAC at [HCCERTS@USAC.ORG](mailto:HCCERTS@USAC.ORG) if you do not receive this email within 24 hours.

[Return to 481 Search](#) [Print Confirmation Page](#)



## Attachments

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(700) Price Offerings including Voice Rate Data  
Data Collection Form

FCC Form 481

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<039> Contact Email Address - Email Address of person identified in data line <030> jfrye@hardynet.com

<701> Residential Local Service Charge Effective Date	1/1/2015
---	----------

<702> Single State-wide Residential Local Service Charge

<703>

[illegible]

(710) Broadband Price Offerings  
Data Collection Form

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<711>

[illegible]

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<030>	Contact Name - Person USAC should contact regarding this data	Jennifer Frye
<035>	Contact Telephone Number - Number of person identified in data line <030>	3048979911 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jfrye@hardynet.com
<810>	Reporting Carrier	Hardy Telecommunications
<811>	Holding Company	Hardy Telecommunications, Inc.
<812>	Operating Company	Hardy Telecommunications

[illegible]



**Hardy Telecommunications, Inc**  
**2015**  
**PROGRESS REPORT ON SERVICE QUALITY IMPROVEMENT PLAN**

**PREAMBLE**

This document is an integral part of the Company's 2015 Annual Report, as attached to Form 481. It is in compliance with §54.313(a)(1) adopted in the FCC's USF/ICC Transformation Order (11-161) and incorporates all further clarifications identified in subsequent Reconsideration Orders, as applicable, that were in effect at the time the Annual Report was due by Rule, to the requisite regulatory authorities.

Hardy Telecommunications advises that the environment in which the Company operates is dynamic, not static. As a result, certain network targets identified in its initial 5 Year Network Improvement Plan filed in 2014, may be modified in response to regulatory decisions that have been subsequently adopted, and as their implication upon the Company's financial viability in providing the required services and service level quality became known.

Modifications to the network plan may also have been taken due to changes in technology (vendor)-driven support, weather, or other emergency related contingencies.

**UNIVERSAL SERVICE SUPPORT RECEIVED IN 2015**

Per the Universal Service Administrative Company (USAC), as available for the period up to this filing, Hardy Telecommunications received a total of \$1,237,836 (as of 5/31/15) in USF support funds. The breakdown of the funding to the point of filing is:

- \$ 193,176 High Cost Loop Support
- \$ 0 Local Switching Support
- \$ 404,550 Connect America Fund-Intercarrier Compensation Support
- \$ 640,110 Interstate Common Line Support
- \$ 0 Safety Net Additive

Universal Service Support funds are used to: 1) maintain, upgrade, and improve the Company's network and, 2) cover operating expenses and debt commitments as necessary to permit it to offer a high level of service for both voice and broadband within the authorized serving area.

USF support will continue to be included in the Company's current revenue accounts and forward-looking projections. Revenues, in the aggregate, are used for both capital expenditures as well as to cover operating expenses and fixed costs incurred to obtain capital from lenders. The Company does not segregate USF separately for purposes of capital and operating expenditures; USF is expended in the same proportion as its contribution is to the Company's aggregated revenue amount.

The proportionate share of USF expenditures in 2015 to date for CAPEX is estimated to be \$148,540 (12%) and for OPEX to be \$1,089,296 (88%), BUT is worth noting that \$259,609.77 to date has been

used to satisfy the Company's debt payments to RUS for the loan portion of the ongoing BIP-RUS federal award for the FTTH project.

In the accompanying 2015 project detail, expenditures for network improvements sometimes involve service quality, coverage and capacity as an integrated improvement project and are not mutually exclusive from one another. In terms of cost, projects involving multiple qualifiers are of equal dollar equivalence. Where a project involves a single qualifier, it is so noted.

## **PROGRESS REPORT**

### **2015**

FTTH-BIP Project: Hardy Telecommunications continued to use grant and loan funds from its BIP-RUS award (70% Grant/30% Loan) to continue to build out FTTH to customers in its ILEC territory. Namely, in the first part of 2015, the Company completed fiber construction and electronics installation, at both the concentrator/splitter level and customer premise, in providing service to the Rio, Mill Gap, Whetzel Hollow, and Mattie Snyder areas of its greater serving area. These areas are reflected in red on the map.

This project provides Service Quality, Coverage and Capacity upgrades.

Fiber Construction to IXC/WWW/Crew Construction Project: In December 2014, the Company completed construction of a key project upgrading fiber capacity on one of the Company's critical connections to the "world" for both phone and internet connectivity. The area of the construction is shown in blue on the map. While this project was not intended to start until the spring of 2015, business needs and favorable weather conditions in the late fall and early winter of 2014 allowed us to move forward with it.

This project increased capacity for internet connectivity, but also allowed the Company to provide significantly less cost internet bandwidth to two neighboring telecommunications cooperatives who also serve very rural areas. Additionally, the area along this route in our serving area was not included in our Proposed Funded Service Area (PFSA) for our BIP-RUS loan/grant award, but the Company intends to provide FTTH service to customers living in the area along the route in the future. This fiber upgrade provided the fiber for network/concentrator connectivity when we start the construction for distribution and drop fiber for customers in the area.

Lastly, this project provided for increased capacity and improved connectivity quality to the phone company and IXC's who transports our phone traffic to and from the tandem.

The cost of this project for both contracted labor, materials, and electronics was \$234,878.91.

This project improves Service Quality and Upgrades Capacity, and in the future, will improve service to the customers living along the route.

#### Crew Construction Projects:

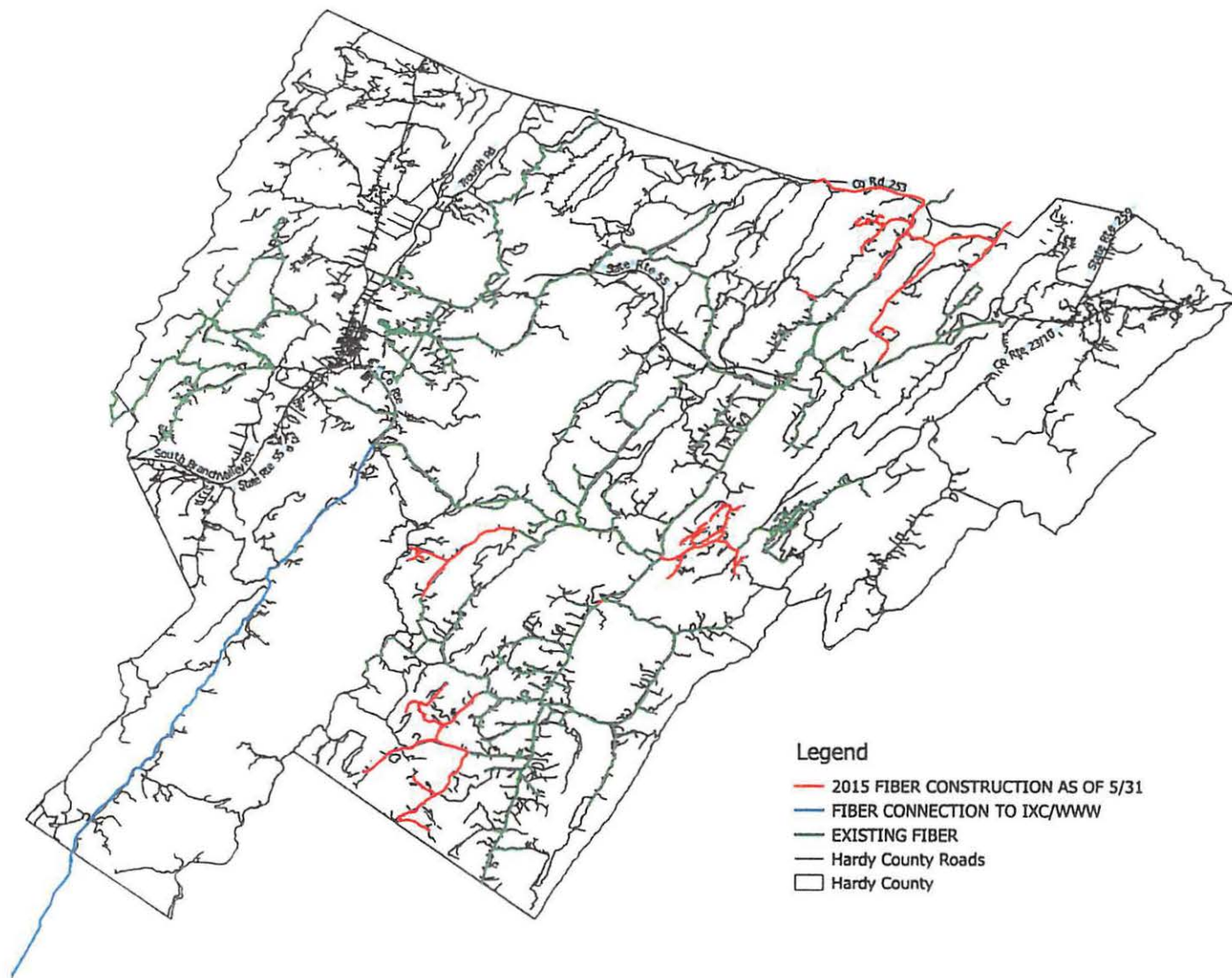
In addition to the aforementioned project, the Company completed various cable projects throughout its serving area that connected new customers, as well as provided for service quality improvements in other areas. The Company had spent \$49,106.76 on these projects through April 30, 2015.

FTTH-Non BIP Project and FTTH-Non BIP Electronics:

Based on BIP-RUS guidance, the Company's federal grant/loan will conclude on June 30, 2015. After that time, the Company will continue with the project and expend its own cap ex and op ex money to the extent that the Company can afford to do so. So, at the time of this report submission, no monies have been spent on this project, but will be starting July 1, 2015.

This project provides Service Quality, Coverage and Capacity upgrades.

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**NETWORK IMPROVEMENT PROJECTS-PROGRESS REPORT**  
AS OF 2015 ANNUAL REPORT SUBMISSION - JULY 1, 2015

\\10.1.8.1\Common\Employee Folders\Jenny\Form 483\NEC\CC Form 483 Capital Forecast Progress Report- As of July 1, 2015.xls\2015

MAP REF.	WIRE CENTER NAME & CLI	DESCRIPTION OF IMPROVEMENT	PURPOSE	COST ESTIMATE	ACTUAL COST	REGULATED % ALLOCATION	AMOUNT IN USE SUPPORT AREA	% VOICE	% BROADBAND	AREA IMPACTED	POPULATION IMPACTED	TARGET COMPLETION DATE	ACTUAL COMPLETION DATE	Notes
A	B	C	D	E	F=Cx E	***	***	***	***	***	***	***	***	
LSRV	<b>2015</b>													
	Wire Center Name & CLI													
	Lost River - LSRVWVXADSO	Replace CO-ISP Tech Work Vehicle	General	\$32,500		100%	\$32,500	50%	50%	384 sq miles	8,410	12/30/2015		
		Replace OSP Vehicle	General	\$40,000	\$30,493	100%	\$40,000	50%	50%	384 sq miles	8,410	9/30/2015	1/31/2015	
		Replace Office-Mgmt. Vehicle	General	\$35,000	\$30,500	100%	\$35,000	50%	50%	384 sq miles	8,410	9/30/2015	5/31/2015	
		FTTH - BIP Project (Cost shown at 30% loan only)	Service Quality and Capacity	\$1,220,000		100%	\$1,220,000	50%	50%	126 sq miles	2,400	9/30/2015		1
		FTTH - BIP Project Electronics (at 30% loan only)	Service Quality and Capacity	\$263,250		100%	\$263,250	50%	50%	126 sq miles	2,400	9/30/2015		2
		FTTH - Non-BIP Project	Service Quality and Capacity	\$555,000		100%	\$555,000	50%	50%	38.4 sq miles	300	12/31/2015		1
		FTTH - Non-BIP Project Electronics	Service Quality and Capacity	\$120,000		100%	\$120,000	50%	50%	38.4 sq miles	300	12/31/2015		2
		Concentrator Buildings&Electronics Upgrades	Service Quality and Capacity	\$33,500		100%	\$33,500	50%	50%	9.6 sq miles	80	12/31/2015		3
		Office Equipment Upgrades	General	\$5,000		100%	\$5,000	50%	50%	384 sq miles	8,410	12/31/2015		4
		Tool & Equipment Upgrades	General	\$9,500		100%	\$9,500	50%	50%	384 sq miles	8,410	9/30/2015		4
		General Computer Upgrades	General	\$12,000		100%	\$12,000	50%	50%	384 sq miles	8,410	12/31/2015		4
		Accounting System Modules and Upgrades	General	\$11,500		100%	\$11,500	50%	50%	384 sq miles	8,410	6/30/2015		
		Central Office Projects	Service Quality and Capacity	\$30,000		100%	\$30,000	50%	50%	384 sq miles	8,410	9/30/2015		5
		Crew Construction Projects	Service Quality and Capacity	\$140,000		100%	\$140,000	50%	50%	384 sq miles	840	12/31/2015		6
		Mapping Software Enhancements	General	\$8,000		100%	\$8,000	50%	50%	384 sq miles	8,410	9/30/2015		
		(2014) Fiber Capacity Upgrade to IXC/WWW	Service Quality and Capacity	\$200,000*	\$243,879*	100%	\$200,000	50%	50%	384 sq miles	8,410	6/30/2015	12/4/2014	
2015 TOTAL PROJECTS				\$2,515,250	\$60,993	(*Item above not incl. in total)								

**NOTES**

- 1 FTTH Project represents remaining homes and businesses that were passed by the BIP project, but did not connect at the time or areas were there were other issues.
- 2 FTTH Electronics goes with "1" above and provides for necessary cross-connect panels, splitter cabinets, etc.
- 3 Concentrator Buildings and Electronics Upgrades are based on historical averages as well as including a project to move towards alternative energy to power the facilities.
- 4 Office Equipment, Tool and Equipment and General Computer Upgrades takes into account general changes in business along with new technologies.
- 5 Central Office Projects is a company-wide contingency for historical and some unexpected central office capital outlays.
- 6 Crew Construction Projects is the long term historical average of minor construction projects (such as new drops or minor route extensions) built by construction crew.

A The RUS-BIP ARRA Grant/Loan Project must be completed and all monies spent by 9/30/15.

**Line 510 - Service Quality Standards & Consumer Protection Rules Compliance:**

Consumer Protection

Voice and Broadband

Hardy Telecommunications (Hardy) complies with the requirements of 47CFR Part 64 Subpart U, Customer Proprietary Network Information and the Federal Trade Commission Red Flag Rules to prevent identity theft. A manual for each of those programs is in place and is part of the employees' handbook. Employee and Board of Directors training is conducted annually and new hires are instructed on the programs as required by their job functions.

Service Quality Standards

Voice

The Company complies with the service quality standards and consumer protection rules set forth by the West Virginia Public Service Commission, and within its rules and regulations as it relates to Service Quality Standards and Consumer Protection Rules. Hardy is committed to providing the highest quality service to its customers.

Broadband

Hardy follows the service standards noted in NECA Tariff #5 and is committed to provide the highest quality service to its broadband customers.

**Line 610 - Emergency Operations Functionality & Capability**

The Company prides itself on updating and maintaining all of its plant and equipment to prevent outages before they happen. If outages do occur, the Company has a 24-hour/7 days-a-week on call staff and alarm reporting systems in place that send the necessary notifications to the 24-hour/7 days-a-week personnel monitoring these systems. The Company certifies that it follows best practices that are designed to allow them to remain functional in an emergency situation through the use of back-up power to ensure functionality.

Absent catastrophic failure of the network or elements of it, the Company has the capability to engage in some re-routing of traffic based on what facilities are damaged. While the Company has engineered its network based on accepted industry engineering practices, changing call routing may, to some extent, permit the Company to manage traffic patterns throughout its network during emergency situations.

The Company performs exercises to test disaster preparedness on each site's back-up power systems and they are tested weekly. Major transport facilities are also tested periodically to ensure failover reliability.

The company provides the following information regarding its central office back-up battery and generator capability during electricity failures within its operating areas. The company has deployed battery back-up power in its central office that will produce an estimated twenty(20) hours of back-up power for the Company's central office. The initiation of the Company's battery back-up capability is triggered instantaneously of the network identifying the existence of a loss of power.

The Company also has a back-up gas generator that is available at its central office should it be necessary. The generator would provide an additional 100 hours of back-up power capability based on fuel capacity. Assuming the availability of fuel at the locations, the generator would provide sufficient power to operate even longer absent some unforeseen breakdown of it. Based on current contingency preparation plans, the Company estimates that the necessary generator-provided back-up power capability can be deployed and functioning within a minute of the identification of its need, well within the time frame of the estimated battery power back-up capability possessed by the Company. In addition, the Company has two portable generators that can be moved to the necessary site(s) to recharge batteries at the site(s). The following is a listing of remotes with the appropriate back-up battery and/or generator capability:

Remote Name	Battery Run Time Estimated	Generator	Generator Run Time Estimated
Arksansaw	21 hours	Y	333 hours
Ashton Woods North	600 hours	N	
Ashton Woods South	266 hours	N	
Baker	16 hours	N	
Baker Tower	8 hours	N	
Baker Industrial Park	320 hours	N	
Beans Settlement	61 hours	N	
Bass	72 hours	N	
Bear's Heil Tower	62 hours	N	
Brants-Teets	214 hours	N	
Byrd	23 hours	N	
Crab Run	86 hours	N	
East Hardy High School	16 hours	N	
Grover Smith	200 hours	N	
Helmick Rock	29 hours	Y	667 hours
Jenkins Hollow	300 hours	N	
Kessel	18 hours	Y	333 hours
Lower Cove	228 hours	N	
Mill Gap	200 hours	N	
Mathias	17 hours	Y	333 hours
Mattie Snyder	48 hours	N	
Needmore	32 hours	Y	333 hours
North River	16 hours	N	
Peru	35 hours	Y	333 hours
Potomac Valley Overlook	16 hours	N	
Rig	32 hours	N	
Rio	114 hours	N	
South Fork	9 hours	Y	145 hours
State Park	228 hours	N	
Strawderman Hollow	214 hours	N	
Trout Pond	62 hours	N	
Upper Cove	171 hours	N	
Whetzel Hollow	320 hours	N	



Voice Service Rate Comparability

As evidenced by the data provided in line 700 of this form 481, the Company's voice service pricing is no more than two standard deviations above the national average urban rate (\$47.48) as announced by the Wireline Competition Bureau on April 16, 2015 (DA 15-470)

Lifeline Certification, Verification, and Confirmation for Determining Initial and Continuing Eligibility of  
Consumers for USF Supported Lifeline Services

General Assertion/Certification:

The Company has policies and procedures in place to ensure that its Lifeline subscribers are eligible to receive Lifeline services. The Company has instituted certification and verification procedures in accordance with Section 54.416 of the rules of the Federal Communications Commission (the "FCC"). Specifically, the Company refers to any and all consumers who request USF supported services from Hardy Telecommunications to the West Virginia Department of Health and Human Resources for proper confirmation and documentation of eligibility. Hardy Telecommunications proceeds with instituting such services after the proper documentation of eligibility from the DHHR is received from the consumer.

In addition, as required by Section 54.410 of the FCC's rules, the Company obtains a valid certification form for each subscriber for whom the Company will be seeking Lifeline reimbursement. A copy of the Company's "Annual Lifeline Certification and Verification" form has been attached to the Company's submission in response to the May 1, 2012 "Commission Order" in the above referenced proceeding.

Based on the foregoing, my knowledge, information and belief, I hereby certify that the Company has policies and procedures in place to ensure that its Lifeline subscribers are eligible to receive Lifeline services, that the Company is in compliance with all federal Lifeline certification procedures, and that the Company has obtained a valid certification form for each subscriber for whom the carrier seeks Lifeline reimbursement.

Scott Sherman, General Manager and CEO of Hardy Telecommunications, Inc. and its Operating Companies

Table of Contents for Additional Supporting Documents:

- Lifeline Assistance (Guideline for Customers)
- Lifeline Assistance Certifications
- Lifeline Assistance Tariff as Currently Filed and on record with the West Virginia Public Service Commission
- Website link regarding Company's Lifeline Assistance Program:  
<http://www.hardynet.net/telephone-service/residential-telephone/lifeline-linkup/>

### **LIFELINE ASSISTANCE**

1. Lifeline Assistance consists of a credit in the amount of \$9.25 on eligible customer's bills.
2. The Lifeline discount can apply to ANY residential service plans that provide voice telephony service.
  - Partial payments will first be applied to pay down the allocated price for Lifeline voice services.
3. In order to be eligible to receive Lifeline Assistance, the customer must certify that s/he participates in one of the following:
  - Medicaid
  - Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps
  - Supplemental Security Income (SSI)
  - Federal Public Housing Assistance
  - Low Income Home Energy Assistance Program (LIHEAP)
  - National School Lunch Program's Free Lunch Program
  - Temporary Assistance for Needy Families (TANF)
  - Income is at/below 135% of the Federal Poverty Guidelines
4. If the customer claims to qualify based on income, s/he must present acceptable documentation of the household income. Acceptable documentation includes: the prior year's tax return, current income statement from an employer or paycheck stub, a Social Security statement of benefits, a Veterans Administration statement of benefits, a retirement/pension statement of benefits, an Unemployment/Workmen's Compensation statement of benefits, federal or tribal notice letter of participation in General Assistance, a divorce decree, child support, or other official document.
5. If the customer presents documentation of income that does not cover a full year (e.g., pay stubs), the customer must present **three** consecutive months worth of the same document.
6. Customer must fill out the attached Lifeline Assistance Certification. Once the form is complete, you must print your name and sign at the appropriate places on the form.
7. Make a copy of the form and give the customer a copy. The original is to be kept in a file.
8. A service deposit cannot be collected on an eligible customer.

### LIFELINE ASSISTANCE CERTIFICATION

I hereby certify, under penalty of perjury, that I am eligible to receive Lifeline Assistance for the following reason(s): *(Please check all that apply)*

- ☐ Medicaid
- ☐ Food Stamps
- ☐ Supplemental Security Income (SSI)
- ☐ Federal Public Housing Assistance
- ☐ Low Income Home Energy Assistance Program (LIHEAP)
- ☐ National School Lunch Program's Free Lunch Program
- ☐ Temporary Assistance for Needy Families (TANF)
- ☐ Income is at/below 135% of the Federal Poverty Guidelines

I also certify, under penalty of perjury, the following:

- ☐ Number of Individual's in my household
- ☐ Date of birth
- ☐ Last four (4) digits of my Social Security Number
- ☐ Household meets the income requirements
- ☐ Presented documentation of income accurately represents the household income

I further acknowledge, under penalty of perjury, the following requirements: *(Please acknowledge by initialing each)*

☐ Lifeline is a federal benefit and is available for only ONE line per household.

☐ Violation of the one-per-household requirement would constitute a violation of the Commission's rules and would result in subscriber's de-enrollment from the Lifeline program, and potentially prosecution by the United States government.

☐ Lifeline service is a non-transferrable benefit.

☐ Will notify Hardy Telecommunications, Inc. within 30 days when I am no longer eligible for Lifeline services; or, am receiving more than one Lifeline-supported service.

☐ Information in applications is true and correct to the best of my knowledge. False or fraudulent information is punishable by fine or imprisonment.

\_\_\_\_\_  
Customer Signature

\_\_\_\_\_  
Customer Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Hardy Employee Name

## NETWORK ACCESS LINE SERVICE

## LIFELINE ASSISTANCE

The Company, as part of its obligations as an Eligible Telecommunications Carrier, offers the Lifeline Assistance Program to eligible low-income subscribers. Lifeline Assistance is offered under the terms and conditions provided below:

## 1. Lifeline Assistance

## a. General

Lifeline Assistance is a federal program offering a discount to qualifying low-income subscribers, as provided for below. Lifeline Assistance provides eligible subscribers a discount for the following package of services: voice-grade access to the public switched network or functional equivalent; minutes of use for local service; access to E-911 services; and, toll limitation service at no charge.

## b. Regulations

- 1) Unless other eligibility requirements are established by the Commission, Lifeline Assistance is available to all subscribers who participate in one of the following programs: Medicaid; Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps; Supplemental Security Income (SSI); Federal Public Housing Assistance; Low-Income Home Energy Assistance Program (LIHEAP); National School Lunch Program's free lunch program; and, Temporary Assistance for Needy Families (TANF).
- 2) Each subscriber to Lifeline Assistance must certify in writing to the Company, under penalty of perjury, that s/he receives benefits under a program outlined in sub-paragraph (b) (1), above, and must, on that same document, agree to notify the Company if s/he ceases to participate in the program(s). The certification form shall conform to the requirements described herein, and shall be made available upon request to any subscriber. The Company shall retain all such subscriber certifications in order to furnish proof of subscriber eligibility as may be required from time to time by Universal Service Administrators.



NETWORK ACCESS LINE SERVICE

LIFELINE ASSISTANCE/LINK UP (cont'd.)

1. Lifeline Assistance (cont'd.)

b. Regulations (cont'd.)

D

- 3) A subscriber may elect at the time of subscription or later to Lifeline Assistance to receive toll limitation as part of Lifeline Assistance. "Toll limitation" is a service that allows a subscriber to elect not to allow the completion of outgoing toll calls from the subscriber's residence.
- 4) Lifeline Assistance will not be disconnected for non-payment of toll charges, unless the Company first obtains a waiver from the Commission that the Company would otherwise incur substantial costs, that the Company offers toll limitation without charge, and that telephone subscribership among low-income subscribers in the Company's service area is greater than or equal to the national subscribership rate for low-income consumers. For purposes of this paragraph, a "low-income consumer" is one with an income below the poverty level for a family of four residing in West Virginia. The Company shall follow all applicable notice provisions as established, from time to time, by the Commission, as part of using a waiver, if granted. The Company may apply for waivers as necessary.
- 5) The Company may not collect a service deposit in order to initiate Lifeline Assistance if the qualifying low-income subscriber voluntarily elects toll limitation from the Company.
- 6) Eligibility for Lifeline service shall be subject to initial and continuing verification by the local WV Department of Health and Human Resources.

S

- c. Lifeline Assistance provides a discount to the subscriber's monthly local telephone service. The discount is only available for one telephony service per household. The flat-rate discount available per month is \$9.25.

C  
C

HARDY TELECOMMUNICATIONS, INC.

PSC NO. 7

Cancels

2<sup>nd</sup> Revised Sheet No. 26  
1<sup>st</sup> Revised Sheet No. 26

NETWORK ACCESS LINE SERVICE

LIFELINE ASSISTANCE/LINK UP (cont'd.)

1. Lifeline Assistance (cont'd.)

- d. The Company shall apply the baseline payments received by the administrator of the Federal Lifeline Assistance program to waive the qualifying customer's federal End-User Common Line Charge. The Company shall apply any additional Federal support amount to the qualifying subscriber's basic local exchange service rate.

D

- e. Partial payments that are received from Lifeline customers shall first be applied to local service charges and then to any outstanding toll charges.

2. Link Up

D



June 2, 2015

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
9300 East Hampton Drive  
Capitol Heights, MD 20743

Re: WC Docket No. 14-58, 2015 Annual Report, Form 481 for High-Cost Recipient  
54.313(f)(1) "Milestone Certification"

Dear Ms. Dortch:

In compliance with the filing requirements associated with, and attached to Form 481, we wish to advise the Commission that Hardy Telecommunications, Inc.

- Has taken reasonable steps to provide upon reasonable request broadband service at actual speeds of 4 Mbps downstream / 1 Mbps upstream;
- Provides latency suitable for real-time applications including VoIP and usage capacity which is reasonably comparable to those in urban areas and;
- That reasonable requests for service are met within a reasonable timeframe.

Sincerely,

A handwritten signature in blue ink that reads "D. Scott Sherman". The signature is fluid and cursive, with the first letters of the first and last names being capitalized.

D. Scott Sherman  
General Manager & CEO

**HARDYNET.COM**

Anchor Institutions

Hardy Telecommunications did not have any newly served community anchor institutions in the year 2014.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS

This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.

BORROWER NAME

Hardy Telecommunications, Inc.

# OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period.  
or detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING  
December, 2014

BORROWER DESIGNATION  
WV0513

## CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII  
(Check one of the following)

☐ All of the obligations under the RUS loan documents have been fulfilled in all material respects.

☐ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report

DATE

## PART A. BALANCE SHEET

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents	3,330,239	4,529,272	25. Accounts Payable	3,598,901	4,882,804
2. Cash-RUS Construction Fund	161	161	26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt	776,117	674,193
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable	96,653	51,554	32. Income Taxes Accrued		
b. Other Accounts Receivable	941,054	937,271	33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities	75,107	48,567
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)	4,450,125	5,605,564
6. Material-Regulated	667,694	640,525	<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated	36,833	48,438	38. Funded Debt-RUS Notes	5,936,150	8,817,387
8. Prepayments	6,507	213,540	37. Funded Debt-RTB Notes	1,772,432	1,703,864
9. Other Current Assets	41,032	41,032	38. Funded Debt-FFB Notes		
0. Total Current Assets (1 Thru 9)	5,120,173	6,461,793	39. Funded Debt-Other	1,341,158	1,104,345
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan		
1. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development	1,979,798	2,379,154	42. Rescued Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
2. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development	271,459	262,113	46. Total Long-Term Debt (38 thru 45)	9,049,740	11,625,596
3. Nonregulated Investments			<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
4. Other Noncurrent Assets			47. Other Long-Term Liabilities		
5. Deferred Charges			48. Other Deferred Credits	2,279,156	2,279,156
6. Jurisdictional Differences			49. Other Jurisdictional Differences		
7. Total Noncurrent Assets (11 thru 16)	2,251,257	2,641,267	50. Total Other Liabilities and Deferred Credits (47 thru 49)	2,279,156	2,279,156
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			<b>EQUITY</b>		
8. Telecom, Plant-In-Service	34,534,008	38,223,091	51. Cap. Stock Outstanding & Subscribed		
9. Property Held for Future Use			52. Additional Paid-In-Capital		
0. Plant Under Construction	3,639,452	3,567,225	53. Treasury Stock		
1. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
2. Less Accumulated Depreciation	21,827,585	23,317,645	55. Other Capital		
3. Net Plant (18 thru 21 less 22)	16,345,875	18,472,671	56. Patronage Capital Credits	7,640,260	7,770,202
4. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins	298,024	295,213
			58. Total Equity (51 thru 57)	7,938,284	8,065,415
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+59)		
	23,717,305	27,575,731		23,717,305	27,575,731

Total Equity = 29.25% % of Total Assets



USDA-RUS		BORROWER DESIGNATION	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		WV0513	
		PERIOD ENDING	
INSTRUCTIONS- See RUS Bulletin 1744-2		December, 2014	
PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS			
ITEM		PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		1,490,406	1,758,918
2. Network Access Services Revenues		4,178,581	4,488,101
3. Long Distance Network Services Revenues			
4. Carrier Billing and Collection Revenues		2,307	1,604
5. Miscellaneous Revenues		88,744	93,583
6. Uncollectible Revenues		667	30,000
7. Net Operating Revenues (1 thru 5 less 6)		5,759,371	6,312,206
8. Plant Specific Operations Expense		1,980,681	1,984,841
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		468,460	448,852
10. Depreciation Expense		1,761,315	2,118,896
11. Amortization Expense			
12. Customer Operations Expense		583,625	601,457
13. Corporate Operations Expense		1,105,047	1,234,483
14. Total Operating Expenses (8 thru 13)		5,899,128	6,388,529
15. Operating Income or Margins (7 less 14)		(139,757)	(76,323)
16. Other Operating Income and Expenses			
17. State and Local Taxes		9,279	
18. Federal Income Taxes		28,214	
19. Other Taxes		101,025	106,873
20. Total Operating Taxes (17+18+19)		138,518	106,873
21. Net Operating Income or Margins (15+16-20)		(278,275)	(183,196)
22. Interest on Funded Debt		495,533	549,483
23. Interest Expense - Capital Leases			
24. Other Interest Expense			
25. Allowance for Funds Used During Construction		60,314	160,431
26. Total Fixed Charges (22+23+24-25)		435,219	389,052
27. Nonoperating Net Income		663,430	479,859
28. Extraordinary Items			
29. Jurisdictional Differences			
30. Nonregulated Net Income		348,088	387,602
31. Total Net Income or Margins (21+27+28+29+30-26)		298,024	295,213
32. Total Taxes Based on Income			
33. Retained Earnings or Margins Beginning-of-Year		(82,385)	298,024
34. Miscellaneous Credits Year-to-Date			
35. Dividends Declared (Common)			
36. Dividends Declared (Preferred)			
37. Other Debits Year-to-Date			
38. Transfers to Patronage Capital		(82,385)	298,024
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]		298,024	295,213
40. Patronage Capital Beginning-of-Year		7,897,169	7,640,260
41. Transfers to Patronage Capital		(82,385)	298,024
42. Patronage Capital Credits Retired		174,524	168,082
43. Patronage Capital End-of-Year (40+41-42)		7,640,260	7,770,202
44. Annual Debt Service Payments		1,093,345	1,223,676
45. Cash Ratio [(14+20-10-11) / 7]		0.7425	0.6933
46. Operating Accrual Ratio [(14+20+26) / 7]		1.1239	1.0907
47. TIER [(31+26) / 26]		1.6848	1.7588
48. DSCR [(31+26+10+11) / 44]		2.2816	2.2908

# **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

WV0513

PERIOD ENDED

December, 2014

## **Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION**

EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1	R-1	BUSINESS	RESIDENTIAL	TOTAL	TOTAL (including fiber)	FIBER
	(a)	(b)	(a)	(b)	(c)	(a)	(b)
Lost River 1	22.00	14.00	99	792	891	218.00	125.00
Lost River 2	25.00	15.00	100	329	429	217.00	124.00
Lost River 3	50.00	21.00	50	766	816	217.00	124.00
Lost River 4	60.00	28.00	14	684	698	218.00	124.00
Lost River Official	12.01	12.00	43	229	272		
Moorefield 1	22.00	14.00	218	112	330	218.00	125.00
Moorefield 2	25.00	13.00	35	55	90	217.00	124.00
Moorefield 3	40.00	20.00	28	133	159	218.00	124.00
Moorefield 4	49.00	27.00	189	41	230	218.00	125.00
Moorefield Official	1.00	1.00	18	85	103		
Hardy Video	121.00	88.00	34	334	368		
Moorefield Video	121.00	88.00	188	18	184		
Mobile Wireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
Total			992	3,578	4,570	1,741.00	995.00
No. Exchanges	12						

# OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

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BORROWER DESIGNATION

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PERIOD ENDED

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## Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, &amp; HIGH SPEED DATA INFORMATION

## 4. BROADBAND SERVICE

EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Details on Least Expensive Broadband Service					
			Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
Lost River 1	891	814	814	768	768	29.95	Package	Fiber to the Home
Lost River 2	429	387	387	768	768	29.95	Package	Fiber to the Home
Lost River 3	816	554	554	768	768	29.95	Package	Fiber to the Home
Lost River 4	698	470	470	768	768	29.95	Package	Fiber to the Home
Lost River Official								
Moorefield 1	330	148	148	768	768	29.95	Package	Fiber to the Home
Moorefield 2	90	85	85	768	768	29.95	Package	Fiber to the Home
Moorefield 3	159	110	110	768	768	29.95	Package	Fiber to the Home
Moorefield 4	230	214	214	768	768	29.95	Package	Fiber to the Home
Moorefield Official								
Hardy Video	388	388	388	3,000	3,000	88.00	Package	Fiber to the Home
Moorefield Video	184	184	184	3,000	3,000	88.00	Package	Fiber to the Home
Total	4,195	3,112						

<b>USDA-RUS</b>  <b>OPERATING REPORT FOR</b> <b>TELECOMMUNICATIONS BORROWERS</b>			<b>BORROWER DESIGNATION</b> WV0513  <b>PERIOD ENDING</b> December, 2014		
INSTRUCTIONS- See RUS Bulletin 1744-2					
<b>PART D. SYSTEM DATA</b>					
1. No. Plant Employees	10	2. No. Other Employees	29	3. Square Miles Served	389
			4. Access Lines per Square Mile	11.75	5. Subscribers per Route Mile
<b>PART E. TOLL DATA</b>					
1. Study Area ID Code(s)  a. 200259 b. 209009 c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____		2. Types of Toll Settlements (Check one)  <div style="display: flex; justify-content: space-between;"> <div>           Interstate: <input type="checkbox"/> Average Schedule             Intrastate: <input type="checkbox"/> Average Schedule         </div> <div> <input checked="" type="checkbox"/> Cost Basis   <input checked="" type="checkbox"/> Cost Basis         </div> </div>			
<b>PART F. FUNDS INVESTED IN PLANT DURING YEAR</b>					
1. RUS, RTB, & FFB Loan Funds Expended					3,689,083
2. Other Long-Term Loan Funds Expended					
3. Funds Expended Under RUS Interim Approval					
4. Other Short-Term Loan Funds Expended					
5. General Funds Expended (Other than Interim)					
6. Salvaged Materials					
7. Contribution in Aid to Construction					
8. Gross Additions to Telecom. Plant (1 thru 7)					3,689,083
<b>PART G. INVESTMENTS IN AFFILIATED COMPANIES</b>					
INVESTMENTS  (a)	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
	(b)	(c)	(d)	(e)	(f)
1. Investment in Affiliated Companies - Rural Development				2,379,154	2,379,154
2. Investment in Affiliated Companies - Nonrural Development					

<b>USDA-RUS</b> <b>OPERATING REPORT FOR</b> <b>TELECOMMUNICATIONS BORROWERS</b>	<b>BORROWER DESIGNATION</b> WV0513 <hr/> <b>PERIOD ENDING</b> December, 2014
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<b>PART H. CURRENT DEPRECIATION RATES</b>	
Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one) <div style="float: right;"> <input checked="checked" type="checkbox"/> YES    <input type="checkbox"/> NO </div>	

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	10.95%
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	15.75%
4. Land and support assets - Garage and other work equipment	16.94%
5. Land and support assets - Buildings	3.34%
6. Land and support assets - Furniture and Office equipment	10.32%
7. Land and support assets - General purpose computers	26.05%
8. Central Office Switching - Digital	9.29%
9. Central Office Switching - Analog & Electro-mechanical	15.67%
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	9.21%
12. Central Office Transmission - Circuit equipment	
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	14.54%
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	5.42%
19. Cable and wire facilities - Aerial cable - Metal	11.00%
20. Cable and wire facilities - Aerial cable - Fiber	5.19%
21. Cable and wire facilities - Underground cable - Metal	4.22%
22. Cable and wire facilities - Underground cable - Fiber	4.22%
23. Cable and wire facilities - Buried cable - Metal	4.22%
24. Cable and wire facilities - Buried cable - Fiber	4.22%
25. Cable and wire facilities - Conduit systems	
26. Cable and wire facilities - Other	



USDA-RUS		BORROWER DESIGNATION
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		WV0513
INSTRUCTIONS – See help in the online application.		PERIOD ENDED December, 2014
PART I – STATEMENT OF CASH FLOWS		
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		3,330,400
CASH FLOWS FROM OPERATING ACTIVITIES		
2. Net Income		295,213
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>		
3. Add: Depreciation		2,118,896
4. Add: Amortization		0
5. Other (Explain)		
<i>Changes in Operating Assets and Liabilities</i>		
6. Decrease/(Increase) in Accounts Receivable		48,882
7. Decrease/(Increase) in Materials and Inventory		15,564
8. Decrease/(Increase) in Prepayments and Deferred Charges		(207,033)
9. Decrease/(Increase) in Other Current Assets		0
10. Increase/(Decrease) in Accounts Payable		1,283,903
11. Increase/(Decrease) in Advance Billings & Payments		0
12. Increase/(Decrease) in Other Current Liabilities		(26,540)
13. Net Cash Provided/(Used) by Operations		3,528,885
CASH FLOWS FROM FINANCING ACTIVITIES		
14. Decrease/(Increase) in Notes Receivable		0
15. Increase/(Decrease) in Notes Payable		0
16. Increase/(Decrease) in Customer Deposits		0
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		2,473,932
18. Increase/(Decrease) in Other Liabilities & Deferred Credits		0
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		0
20. Less: Payment of Dividends		0
21. Less: Patronage Capital Credits Retired		(168,082)
22. Other (Explain)		
23. Net Cash Provided/(Used) by Financing Activities		2,305,850
CASH FLOWS FROM INVESTING ACTIVITIES		
24. Net Capital Expenditures (Property, Plant & Equipment)		(3,616,856)
25. Other Long-Term Investments		(390,010)
26. Other Noncurrent Assets & Jurisdictional Differences		0
27. Other (Explain) Additional CAPEX		(628,836)
28. Net Cash Provided/(Used) by Investing Activities		(4,635,702)
29. Net Increase/(Decrease) in Cash		1,199,033
30. Ending Cash		4,529,433

Revision Date 2010

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION  WV0513
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2014
<b>NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	

USDA-RUS  OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION  WV0513
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2014
CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	



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## Certification

*Your response is required by 7 U.S.C. 901 et seq. and subject to federal laws and regulations regarding confidential information, will be treated as confidential.*

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.**

**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII**  
(check one of the following)

☒ All of the obligations under the RUS loan documents have been fulfilled in all material respects.

☐ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report.

Certifier Name:

David Sherman

Certifier Title:

General Manager & EVP

Date Certified and Electronically Signed:

6/30/2015

☒ Certify

☐ Uncertify